

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7095

BILL NUMBER: HB 1639

NOTE PREPARED: Jan 22, 2015

BILL AMENDED:

SUBJECT: Various education matters.

FIRST AUTHOR: Rep. Behning

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

Student Record Repository: The bill requires the State Board of Education to establish a statewide student record repository of public school student achievement records to provide: (1) access to relevant student information to parents and school corporations; (2) for the transfer of student information between school corporations; and (3) a student data backup for school corporations.

Student Information: The bill prohibits an agency from releasing, selling, or otherwise transferring student information to any entity unless all identifying information concerning students has been redacted or the General Assembly has enacted legislation expressly authorizing the release, sale, or transfer. It provides that a violation is a Class A misdemeanor (up to one year imprisonment and a \$5,000 fine).

ISTEP Irregularities: The bill provides that the State Board shall adopt rules to establish a procedure to require the Department of Education to investigate irregularities in the test results of the ISTEP program or a successor statewide assessment. It requires the Department to investigate assessment results if the number of irregularities meets a threshold established by the State Board.

Survey: The bill provides that, before July 1, 2016, the State Board shall develop a survey to be used by a school corporation to allow parents and grade appropriate students to evaluate certificated employees. It provides that beginning in the 2016-2017 school year, a school corporation must offer parents and applicable students the opportunity to complete the survey, which shall be provided to a certificated employee by the certificated employee's evaluator when the certificated employee receives an evaluation.

Effective Date: July 1, 2015.

Explanation of State Expenditures: *Student Record Repository:* The bill's requirements represent an additional workload and, potentially, additional expenditures on the State Board of Education outside of the agency's routine administrative functions. Existing staffing and resource levels, if currently being used to capacity, may be insufficient for full implementation of the requirements of the bill.

Due to security issues and the sensitivity of the data, the State Board could potentially be required to establish a new stand alone computer system to implement the requirements of this bill. Initial estimates of a such a computer system are approximately \$4.1 M. This includes approximately \$2.3 M for hardware (storage area networks, computer servers, switches); a total annual cost of approximately \$1.8 M for software licenses (\$300,0000); computer personnel (\$1M); and life cycle costs for equipment (\$500,000). The cost of personal computers is not included in this estimate.

The additional funds and resources required to implement the requirements of the bill could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

Student Information: The impact would likely be minimal. The bill applies to all state agencies that collect, maintain, receive, or store student information. Student information is data collected, maintained, received, or stored by an agency in which an individual student or student's family is identified by name, by assigned identification number, or in any manner by which the identity of an individual student may be ascertained.

The bill permits a student's record to be transferred by a school or school corporation to a school, postsecondary educational institution, or employer if the student (at least 18 years old or emancipated) or student's parent grants written permission.

ISTEP Irregularities: The State Board of Education should be able to establish formulas and other parameters to be used by the Department of Education to determine if the Department should investigate irregularities in the test results within existing budgets. The bill indicates the minimum criteria that would trigger an investigation.

The Department could incur the additional cost of investigating suspected occurrences of a high rate of irregularities. Currently, erasure analysis reports are submitted to the Department after each test administration. It is expected that this will continue when the successor assessment program to ISTEP is implemented beginning in the 2015-16 school year.

Survey: The State Board of Education will incur additional cost of developing the survey or having one developed by an outside consultant. The cost of developing the survey would have to met either through its existing budget or with additional appropriations. In FY 2015 approximately \$3 M was appropriated to the State Board; part of the appropriation is earmarked for special evaluation and research projects.

Explanation of State Revenues: *Transfer of Student Information -Penalty Provision:* If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class A misdemeanor is \$5,000. However, any additional revenue would likely be small.

Explanation of Local Expenditures: *Transfer of Student Information - Penalty Provision:* A Class A misdemeanor is punishable by up to one year in jail.

ISTEP Irregularities: School corporations could incur additional cost assisting the Department of Education in investigating occurrences of testing irregularities.

Survey: The bill's requirements represent an additional workload [and/or expenditure] on school corporations outside of their routine administrative functions, and existing staffing and resource levels, if currently being used to capacity, may be insufficient for full implementation. The additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions. The estimated statewide cost of providing the survey to students and parents is between \$864,000 and \$4.8 M.

Additional Information: This analysis assumes that students in grades 3 to 12 and their parents would complete the survey. Students would complete the survey in class; parents would have the option of either completing the survey on-line or by having it mailed to them. Surveys would be completed annually. Students in grades 3 and 4 are assumed to have one teacher; those in grades 5 and 6 are assumed to have 5 teachers; those in grades 7 to 12 are assumed to have 7 teachers. It is estimated that it would cost the school corporation \$0.10 to process each survey completed on-line by students and parents ; a unit processing cost of \$1 per survey is assumed for those surveys that are mailed to parents.

Explanation of Local Revenues:

State Agencies Affected: State Board of Education; Department of Education; All other applicable state agencies.

Local Agencies Affected: School Corporations; Charter Schools; Indiana School for the Blind and Visually Impaired; Indiana School for the Deaf; Trial courts, Local law enforcement agencies.

Information Sources: Department of Education; Beverly Smith, Director of School & Community Relations, Hamilton Southeastern Schools, 317-594-4100

Fiscal Analyst: David Lusan, 317-232-9592.